THE BUSINESS TEST OF PROHIBITION

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I will discuss the economic results of the state-wide practice of sobriety. My present object is not to champion any principle, however clear, or to advocate any policy, however strong its claims. This attitude is taken not because I am neutral—the urgency of the liquor problem forbids neutrality—but because I think the interests of truth will be best subserved in this article by the presentation only of facts and concrete results.

It is required to show by undisputed and official facts, and in a way capable of comparison of results in the several states, just what has been accomplished in business lines by the policy of prohibition. In my researches as a statistician, I have been privileged to discover a method of doing this as it never has been done before. I trust and believe that the discovery will contribute to clearness of thought upon the main subject by furnishing a substantial and official basis of recorded facts.

"The Nickel" and Its Lesson

Frequently an important principle can be deduced from a fact which seems very small. Thus it is trite to say that the nickel which the head of the family spends for beer is not expended for bread; yet in that statement is involved a tremendous economic fact: *That coin is lost for all time to that family.* Having been already spent, having already passed into the possession of the liquor seller, it cannot possibly serve the drinker's family in the purchase of bread, or shoes, or clothing, or a home, or an education, or otherwise. The statement is so self-evident that it defies contradiction. Yet I must be pardoned if I dwell upon it for a moment longer. Its economic significance is so great, so overwhelming, that no doubt must be left lingering in the mind as to its absolute truth.

The attempt has been made to break the force of this fact by pleading that "the nickel still exists, that it has not been lost to society, that it still circulates and performs its beneficent office in

facilitating trade." Ah! but that coin has been withdrawn from the family's resources, and its subsequent activities do not cancel the fact that the family needs have been denied and the family exchequer depleted to that extent. At the exact point of time, possibly, when it was most cruelly needed, it has been snatched away from starving fingers, and has been diverted from family needs into the liquor seller's till. Whatever the after story of that piece of money may be, it is everlastingly true that it has been withdrawn from the family's purchasing power.

But the objector may still urge: "The man will earn another nickel to-morrow, and he may spend *that* coin for bread." True, but that reasoning implies that it is possible for the family to live on one loaf in two days instead of one loaf every day; further, it implies that it is an economic benefit that a man shall earn his loaf twice before he gets it once; further, it still fails to meet the main issue that the original nickel has been forever withdrawn from and lost to that family's resources.

There has never been and there never will be an answer to this reasoning, and the original statement stands as absolute truth. It is still a rock-solid fact that the money which the husband and father spends for liquor is not spent for bread for his family, but is subtracted from their resources and forever lost to the purchasing power of that family.

A New Party Interested

I call attention to another party to this transaction who has hitherto remained in the background, but who is now coming forward into a prominence that is startling. We have heard much about the liquor dealer, much about the drinker, and much about the drinker's family, and much, especially of late, about the decreased purchasing power of that family as the liquor dealer increases his clutch upon the family income. But now attention centers upon the *merchant, the man who sells* the bread, the shoes, the clothes, the house; the man who suffers a loss in trade every time the drinker's family suffers a loss in purchasing power. Let us consider him for a moment.

I have said that the economic significance of our original statement was great, and even overwhelming. Of course you have anticipated that while I have been talking about a single nickel spent

for liquor, I have really had in mind the great aggregation of nickels, dimes and quarters shown in our nation's swollen drink bill of two and a quarter billions of dollars. If the single nickel spent for drink is withdrawn from the family's purchasing power, then it is equally true that the great pile of nickels, the two and a quarter billions of dollars, is withdrawn from the purchasing power of the ten million drinkers' families of this country. If this is true concerning these millions of families, it follows that the merchants and dealers and the mechanics and workingmen who supply them, suffer a loss in trade equal to the same enormous amount. Here is a tremendous economic truth; and it is one of the most encouraging facts in our latter-day economic development that *the business men and workingmen of the country are finding this out.* They are discovering the location of a most damaging leak. They are finding out what is hurting them; they are discovering that the liquor traffic is a persistent competitor against all legitimate trade and against honest labor as well.

This is a modern phase of the agitation against the liquor traffic. It spells danger to that traffic. As the business and labor public become aware of these injurious effects of the liquor business, sentiment against it multiplies and its doom is hastened.

Searching for the Standard

As a statistician and an investigator, I have long been aware of these losses to the business world. I have also believed that there must be some way of measuring them and I have felt assured in advance that if such a way could be found, and the results plainly indicated, they would be such as to teach a most important lesson to men of affairs.

In my researches on this line I discovered the need of a "unit" and also of a "basis." The "unit" of comparison must be broad enough and large enough to include a variety of local conditions and a breadth of economic activities. Neither a town nor a county could measure up to this need, so I was compelled to seek for a state. I selected the State of Maine for several reasons. I wished a unit which would embody within itself as broad as possible a view of the economic results of prohibition. In Maine prohibition has been law for more than fifty years. Enforcement has not been uniform. Unfaithful officials and treacherous parties have

been far from true to the law. There have been great fluctuations in the observance of the law's demands. Yet the testimony of life-long residents and high officials has satisfied me that the field of law evasion has been almost entirely confined to centers of population—to those places where density of population has been an inviting field for the "red light" and the "blind pig," and that the country districts have been measurably free from the liquor traffic for nearly two generations.

I found that Maine has a comparatively small urban population; that all its cities of over 8,000 people number only nine, with a combined population of only 164,639 which is less than one-fourth the total population of the state in the last census. Hence, among three-fourths of her population and over more than three-fourths of her territory, Maine has had prohibition fairly well enforced continuously for more than fifty years. No other state has such a record. Hence Maine approximates closely (from a statistician's reasonable standpoint) to a fair representation of prohibition, and the results seen in the state at large may be justly said to be the results due to prohibition. I therefore accepted Maine as my "unit." I placed Maine in a class by herself as the representative of prohibition in a broad way. I knew how the state had been attacked and belittled by the writers of the liquor side, and I accepted the challenge. I said, if the liquor men wish to hold forth Maine as the "poverty-stricken" and "misguided" example of the results of prohibition, I will accept that state as such representative, and will abide by the facts. Maine shall be the unit of comparison.

Finding the "Basis"

Next came the necessity for a method of making the comparison. What shall be the "basis" employed? First, it was apparent that the statements should be unprejudiced and official. I could not present the biassed words of prejudiced persons. Next in credibility to government statistics, I would place the word of life-long residents and highly respected officials of the state, leaving as the last and most inferior class of evidence the reports of non-residents of strong preconceived opinions who make flying visits and find (in many cases) what might have been expected under psychological laws, and under pressure where they are sent by employers. However, in this article I have not been compelled to

resort to any doubtful sources, but have confined myself to government statistics.

In a study of the results of a state-wide policy, it seems just to work from a state-wide basis; that is, it is not permitted to pick out individual cases here and there, but to get the broad view as shown in totals for the whole state. One could prove *anything* by individual cases, but the totals are far more trustworthy and significant. In this economic study I decided to take the record of the government census of 1900, showing exactly what lines of business activity were supported by Maine as a whole. In the volume of census reports called "Occupations" I found Maine business classified in Table 32 into more than 370 kinds of activity, with a statement of the number engaged in each kind. In other words, I found ready to my hand an official statement of the extent to which the prohibition State of Maine supported different kinds of legitimate business. This is valuable in the extreme, for such an investigation as ours.

"Per Capita" Wealth

Natural conditions offer natural opportunities. These differ in different states. Ohio, Iowa, or Illinois shows a far more fertile soil than Maine, and tempts Maine's citizens to depart from her sterile shores. Maine's weather conditions, too, are somewhat harsh for invalids or feeble folk, and she loses many such on account of climate. Her population is not dense, and her property valuations do not have the stimulus of congestion. The result of these natural disadvantages is that Maine's property does not mount up as fast as in other states. Her value of all property per capita in 1900 was $982, which was less than in many of the states. In judging of her capacity to support business, or in other words, in judging of her "purchasing power," the per capita property valuation is most important, for it constitutes a basis of comparison with other states. I would lay it down as a basic principle that the "purchasing power" of a state is in proportion to its per capita property valuation, so that less should be required of a state having $982 per capita property than of one with a larger valuation per capita. This is self-evident, and argument is unnecessary. If another state has double the natural or acquired resources, it should have double the purchasing power, and consequently should support double the num-

ber of persons or double the volume of trade in the various lines of legitimate business.

The other basic principle in this comparison is that the purchasing power of a state is larger in proportion to the number of people in the state. The more there are whose wants have to be supplied, the greater the expenditure, and the more merchants and mechanics will be required to supply the needs of the people.

Here, then, is a double standard of comparison: (a) the per capita wealth, which indicates the average individual purchasing power; and (b) the number of individuals who do the purchasing, that is, the number whose needs are to be supplied.

The Double Standard Illustrated

To get at this in a mathematical way, let us take Maine's population in 1900, 694,466, and compare it with New York's 7,268,894. which is 10.47 times as great. It is important to include New York's per capita wealth, which was $1,720, being 1.752 times that of Maine, which was $982. We multiply the 10.47 by the 1.752, and get a product of 18.34 which is New York's ratio to Maine, Maine being 1.00.

Here then is the "basis of comparison," reached by a double process on self-evident principles, founded on per capita wealth and on population. (I may remark in passing that a shorter process of reaching exactly the same result is to divide the total valuation of all property in any state under consideration by the total property valuation in Maine, and the quotient will be found to be the same number as would be reached by the double process just indicated.)

Figuring Out the Facts

Having found our "unit" and our "basis," we are now ready to make our comparisons, which will be found most significant. Bear in mind, please, that the figures are for 1900, being the latest which have been gathered by the government. Let us now note the comparisons.

In 1900 Maine supported 8,627 retail stores. Illinois should have supported 10.23 times as many, that being her purchasing power as compared with Maine. Hence Illinois should have supported 88,254 retail stores in order to measure up to the standard set by

Maine. But license Illinois fell 32,620 stores short of the example set by prohibition Maine, for Illinois had only 55,634 stores. I firmly believe and maintain that this comparison shows that in the great State of Illinois under the license policy, the liquor traffic in 1900 starved out more than 30,000 retail stores, which would have been in existence to-day (in addition to the present 55,000 stores) had Illinois measured up to the example and reached the purchasing power shown by Maine.

Take the matter of "business concerns" in general. Dun's Commercial Register is authority for the statement that in 1903 there were 14,661 business concerns of all kinds in Maine, while in Illinois (which should have had approximately 10.23 times as many, there were only 89,001, instead of the 149,982 which she ought to have had. in order to reach the Maine standard. Here is a shortage caused by liquor of more than 60,000 concerns, which ought now to be adding to our industries and our volume of trade and our prosperity in Illinois. Maine has set us a standard which we cannot reach while we tolerate the liquor drain upon our resources.

Facts for Workingmen

The number of carpenters in Maine in 1900 was 8,938. Illinois should have supported 10.23 times as many, or 91,435. As a matter of fact she did support only 42,595, showing a deficit of nearly 49,000 as compared with the Maine standard. Nearly 49,000 carpenters in a single state were thus shown to have been starved out by the liquor traffic's drain upon the resources of the people.

Take the masons. Maine being somewhat of a backwoods state, naturally builds a small proportion of stone, brick and cement structures, hence would support a less than normal number of masons. On the other hand, Illinois, with her large cities and towns, builds less in proportion of wooden structures and more of brick, stone and cement. Yet Maine supports 1,784 masons, and Illinois ought to support considerably more than 10.23 times as many, but she does not even reach that number, which would be 18,250, but supports the meager number of 10,256, thus crowding out about 8,000 masons.

Results in Other States

There is no reason for selecting Illinois for this comparison excepting that it is the state where the writer resides. The same line of facts appears in other states, the results varying in approximately the exact proportion in which such states approach the standard of Maine in faithful enforcement of prohibition.

The limits of this article allow only the most compact statements as to other states, omitting comment on each.

California

Ratio: 4.72; *Carpenters,* 15,916; Maine standard calls for 42,187; shortage, 26,271.

Salesmen and Saleswomen, 17,149; Maine standard calls for 25,025; shortage, 7,876.

Retail Merchants, 24,653; Maine standard calls for 40,719; shortage, 16,066.

Dry Goods, 1,238; Maine standard calls for 2,360; shortage, 1,122.

Men's Clothing and Furnishings, 417; Maine standard calls for 1,420; shortage, 1,003.

Massachusetts

Carpenters, 33,011; Maine standard calls for 57,113; shortage, 24,102.

Retail Merchants, 40,994; Maine standard calls for 55,126; shortage, 14,132.

Business Concerns, 53,431; Maine standard calls for 93,683; shortage 40,252.

Bankers and Brokers, 3,291; Maine standard calls for 3,642; shortage, 351.

New York

Retail Merchants, 118,896; Maine standard calls for 158,132; shortage, 39,236.

Business Concerns, 146,322; Maine standard calls for 268,736; shortage, 122,414.

Groceries, 20,650; Maine standard calls for 42,360; shortage, 21,710.

Men's Clothing and Furnishings, 3,785; Maine standard calls for 5,517; shortage, 1,732.

Ohio

Carpenters, 37,390; Maine standard calls for 65,783; shortage, 28,393.

Retail Merchants, 45,180; Maine standard calls for 63,494; shortage, 18,314.

Business Concerns, 84,478; Maine standard calls for 107,904; shortage, 23,426.

Drygoods, 2,684; Maine standard calls for 3,680; shortage, 996.

The writer can give similar information regarding every line of occupation in every state. It is not denied that once in many times the preponderance may be the other way, yet it is so generally in favor of Maine that the rare exceptions prove the rule, and the honesty and accuracy of the figures as well.

The assertion of this article is broadly that a correct and reliable standard has been found, that it is tremendously in favor of the greater prosperity existing in Maine, and that business men and workingmen alike can find in these figures food for careful thought which will suggest appropriate action.

Further developments along this line may be expected, as its economic significance and importance shall become impressed upon the business mind and the business judgment of the world.